

## **Rochester Port and Ferry Authority**

### A Plan of Business

The following document is a detailed business plan for the future operations of a new public authority to be created. It is anticipated that this organization will be known as the Rochester Port and Ferry Authority.

This Plan of Business includes financial and operating data based on a combination of known and projected conditions. Every effort has been made to list and explain the key assumptions utilized.

This Plan of Business does not represent an offer to provide service under the conditions stated. Final conditions of service will be determined by the Rochester Port and Ferry Authority when it is established.

Public comment on this Plan of Business is invited, and may be sent to:

City of Rochester  
Office of the Commissioner of Environmental Services  
City Hall - Room 300B  
30 Church Street  
Rochester, New York 14614

# Rochester Port and Ferry Authority

**DRAFT**  
11/18/04

## A Plan of Business

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# **Rochester Port and Ferry Authority**

## A Plan of Business

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Legal Authority

The Rochester Port and Ferry Authority will be established as a public authority under New York State Law. The City of Rochester intends to prepare and request the legislation necessary to create this Authority. The Rochester Port and Ferry Authority will be governed by a Board of Directors to be appointed in a manner consistent with the enabling legislation. The Rochester Port and Ferry Authority will be authorized to operate ferry service and port facilities, and will be authorized to issue bonds to fund the capital needed for these purposes.

Business Activities

The primary activity of the Rochester Port and Ferry Authority is to operate a passenger and automobile ferry service on Lake Ontario between Rochester, New York, USA and Toronto, Ontario, Canada. That service is further described in this Plan for Business.

In addition, the Rochester Port and Ferry Authority may operate other activities consistent with the enabling legislation. However, such other activities are not anticipated at this time and are not part of this business plan.

Plan to Launch the Business

*The Vessel*

From June, 2004 to September 2004, a ferry service was operated by Canadian-American Transportation Systems, Inc. (CATS). That service utilized substantially the same route as is intended by the Rochester Port and Ferry Authority.

The Rochester Port and Ferry Authority is not intended to be a successor company to CATS, nor will it necessarily have an ongoing business relationship with CATS. However, Rochester Port and Ferry Authority does intend to purchase the actual vessel that CATS utilized for the service. In addition, Rochester Port and Ferry Authority may purchase other assets, both fixed and intangible, as a means of launching this activity. A description of the vessel to be purchased, along with descriptions of other assets to be acquired, is included in Appendix A.

*Terminals*

Quality port terminal facilities will be available at both Rochester and Toronto. In Rochester, a new terminal was constructed by the City of Rochester in 2004. The City of Rochester intends to enter into a lease with Rochester Port and Ferry Authority for use of this terminal. In Toronto, a new port terminal is currently under construction by the Toronto Port Authority and is expected to be completed by January of 2005. The Toronto Port Authority intends to enter into a lease with Rochester Port and Ferry Authority for use of this terminal. A description of the terminal facilities is contained in Appendix B.

Plan to Launch the Business

*Staff Recruitment and Training*

This business plan anticipates that approximately 28 full time and 144 part time staff will be needed (100 full time equivalents). During the start up period, this staff will be recruited and trained as necessary. Ongoing training and staff development will be the responsibility of management staff.

*Licenses and Certifications*

The Rochester Port and Ferry Authority will assure that all personnel licenses, such as those for captains and engineers are in place. Safety training and certifications for all staff will be assured by Rochester Port and Ferry Authority

*Capital*

As further described below, this business plan will require \$47.9 million in capital. This capital will be raised through the assumption of New York State and City of Rochester loans that were made to CATS and through the issuance of new bonded debt.

*Disposition of CATS Debts Secured by Assets*

As a central part of its financial plans CATS has indebtedness of \$40.9 million that is secured by its assets. This indebtedness consists of the following:

<u>Amount</u>	<u>Source</u>
\$22,500,000	Export Finance Insurance Company, Australia
\$ 4,200,000	ABN AMBRO Bank, Australia
\$ 6,300,000	MTU, Germany
\$ 6,600,000	New York State
\$ 1,300,000	City of Rochester
\$40,900,000	Total

It is the intent of Rochester Port and Ferry Authority to seek transfer of the New York State and City of Rochester debt to itself, and to service that debt according to the original terms contracted by CATS. Upon the issuance of bonded debt by Rochester Port and Ferry Authority, and the transfer of New York State and City of Rochester indebtedness to the Rochester Port and Ferry Authority, it is the intent of the Rochester Port and Ferry Authority that the debt of the other secured lenders be redeemed as part of the transaction to acquire fixed assets from CATS. As a result, liens against these assets will be released. In addition, there are several maritime liens that will need to be settled, either before or as part of the transfer of assets.

The Financial Plan- Summary

The initial capitalization of the Rochester Port and Ferry Authority is summarized in the following listing of capital sources and uses.

*Sources:*

New Bonded Debt - Rochester Port and Ferry Authority	\$40,000,000
New York State-State Infrastructure Bank (transfer)	6,600,000
City of Rochester (transfer)	<u>1,300,000</u>
	\$47,900,000

*Uses:*

Acquisition of fixed assets (from CATS)	\$42,088,500
Other Start-up Capital	1,811,500
Working Capital	<u>4,000,000</u>
	\$47,900,000

More detailed annual cash flow data is presented below under the heading of “ Plan of Operations.”

Determining Demand

*Demand for the Service - Previous Studies*

The demand for fast ferry service between Rochester and Toronto has been well documented in previous market studies. Some studies have estimated the annual demand as high as 1.7 million passengers and nearly 1 million cars.<sup>1</sup> Another study, more directly related to the service initiated by CATS, anticipated annual traffic at 870,000 passengers and 250,000 cars.<sup>2</sup> For a summary of previous market and impact studies, see Appendix C.

*Demand for Service - CATS' Experience*

During its 12 weeks of operation, CATS actually carried a total 133,344 passengers and 21,239 cars. Annualizing these numbers is problematic. Problems in the early weeks of operations created consumer doubt that translated into a slow start. During the first five weeks of service, occupancy averaged only 33%. However, for the next six weeks, occupancy averaged 71% , and it reached as high a 90% in the last full week of August.

Adjusting CATS' experience by deleting only the first two weeks, the annualized expressed passenger demand can be stated as 642,200. Using the same method, the annualized expressed demand for auto passage would be 100,800.

Determining Demand

*Demand - This Plan*

It is the intent of this business plan to project a safe, or conservative estimate of demand. Certainly, it would be reasonable to start with the annualized expressed demand from the CATS experience. However, variation in demand during the winter season is unknown. During discussions among CATS' senior lenders, monthly seasonality adjustments were identified using general border crossing data. There is some indication that these data may be artificially low and may reflect experience from Canada's recent SARS epidemic. Further, there is reason to believe that avoidance of winter driving could create a more significant demand. Nonetheless, this plan utilizes the general border crossing monthly seasonality adjustments. These are expressed as percentages of the peak month (August), and are as follows:

January	47%	May	71%	September	61%
February	40%	June	80%	October	56%
March	52%	July	94%	November	47%
April	57%	Aug.	100%	December	46%

Using the CATS expressed annualized demand and the above seasonality factors, this plan anticipates annual traffic of 385,705 passengers and 59,200 automobiles.

Plan for Operations

*General Plan*

As described above, the demand for this service is seen to be sensitive to seasonal variations. Therefore, two seasonal modes are anticipated. From mid- April to mid-October two daily round trips (four crossings) are planned, seven days per week. For mid-October to mid-April, one round trip (two crossings) is planned, four days per week. This schedule is selected to reflect the demand described above. It also allows for seasonal staff scheduling, thus aiding expenditure control. Also, the plan calls for a two week dry-dock during January, during which time there will be no crossings so that planned and preventive maintenance can be preformed.

The Rochester Port and Ferry Authority will have several options in performing the actual operation of this business. Engaging a ferry operator on a fee or revenue sharing basis is an option that will be explored. It is also possible to directly employ the staff necessary to operate the business, or the establish a not-for-profit operating entity. A plan of operation can be developed for the two latter options by benchmarking against the CATS operation. This approach is used in this business plan. However, this should not be taken as an indication that the out-source model will not be given equal weight if it provides comparable or better results.

Plan of Operations

*Operating Data*

Driving the revenue major estimates, the data presented here is central to the successful operation of this business.

Crossings

Total Crossings:		928
Mid-April to Mid-October	728	
Mid-October to Mid-April	200	

Passengers

Total Annual Passengers:		385,705
January	6,633	May 51,768
February	7,526	June 56,448
March	9,784	July 68,537
April	10,725	Aug 72,912
September	43,042	
October	40,831	
November	8,844	
December	8,655	
Average Passengers Per Crossing		416
Average Passenger Occupancy		53.8%
Average Passenger Fare		\$30.31

Autos

Total Annual Cars	59,200
Average Cars Per Crossing	64
Average Auto Occupancy	46 % <sup>3</sup>
Average Car Fare	\$41.00

Trucks and Buses

Total Trucks/Buses	5,483 (year 1)
	7,309 (years 2-10)
Average Trucks/Buses Per Crossing	6 (year 1)
	8 (years 2-10)
Average Truck/Bus Fare	\$260

Other Income

Food and Beverage Contribution	\$1.39 per passenger
Duty Free/Gift Shop Contribution	\$1.12 per passenger
Advertising	\$800,000 (year1)
	\$1,000,000 (years 2-10)



Plan of Operations

*Revenue*

The year-one operating revenue estimate totals \$19,561,200. This estimate is driven primarily by basic passenger income (59.8% of total revenue), automobile income (12.4%) and proceeds from trucks and buses (8.3%). Other sources of revenue include advertising (4%), business class premiums (2.0%), food and beverage contribution (2.7%), duty free/gift shop contribution (2.2%). A complete listing of year-one revenues is included in Appendix D.

One revenue item, rebate of fuel taxes (\$1,714,600 or 8.8% of total income), will likely be reclassified under Rochester Port and Ferry Authority operation. Since Rochester Port and Ferry Authority will be exempt from such taxes, the rebate process may not be needed. The tax benefit will be reflected on the expense side. However, to facilitate comparison with the CATS operation, expense is shown as gross (with taxes) and the rebate is shown as a revenue.

*Expense*

Personnel-related expenses (28%) and fuel (40%) are the two most significant cost items. Insurance (7%), maintenance contracts (7%), customs and harbor fees (4%) and security contracts (2%) account for other significant cost elements. A complete summary of anticipated operating expenses is included in Appendix D.

Personnel

The staffing pattern included in this plan is based on the seasonal operations discussed above. Costs are based on a staffing unit of 100.5 full time equivalents (FTE). Pay scales are comparable to those of the CATS operation. A full listing of anticipated staff is included in Appendix E. Below is a summary by major function.

<u>Function</u>	<u>Staff (FTE)</u>	<u>Salary</u>	<u>Benefits</u>	<u>Total Expense</u>
Management (includes general management, finance & sales)	17	891,800	222,950	1,114,750
Ship Operations	46.5	1,761,000	440,250	2,201,250
Shore Operations	31	750,569	187,642	938,211
Maintenance Staff	6	120,500	30,125	150,625
Total	<u>100.5</u>	<u>3,523,869</u>	<u>880,967</u>	<u>4,404,836</u>

Plan of Operations

*Expense - continued*

Fuel

Given the recent volatility in prices, forecasting fuel costs is very difficult. The fuel expenses contained in this plan are based on the consumption experience of the CATS operation and a survey of current fuel prices.

Consumption per crossing (gallons)	3,558
Number of crossings	928
Total annual consumption (gallons)	3,301,824
Price per gallon	1.87385
Net Expense	6,187,123
Miscellaneous use	100,000
Gross Expense	<u>6,287,123</u>

As noted above, the fuel prices used here include applicable taxes. An estimate of \$1,714,600 is included as a revenue for anticipated tax rebates.

Insurance

The \$1,236,000 estimate for insurance consists of \$1,116,000 for vessel coverage and \$120,000 for general insurance. The vessel insurance includes the following components:

<u>Component</u>	<u>Annual Cost</u>
Liability	79,572
Property & Indemnification	380,748
Property, bumbershoot & general	139,524
Hull & machinery, hull war risk	516,156

Customs and Harbor Fees

A Canadian Customs fee is estimated at \$400,000. In addition, a \$200,000 expense is included to lease the Toronto terminal.

*Debt Service*

Year-one debt service is expected to total \$4,648,000. This includes a \$4,350,000 payment of principal and interest on the \$40,000,000 in new capital described above, and a \$298,000 payment on the New York State debt. Payment on the City of Rochester debt is due as a single payment in year 10. The payment of new Authority debt is based on a 15 year amortization schedule. An alternative 20 year schedule would lower total year-one debt service to

Plan of Operation

*Debt Service -continued*

\$3,998,000. A further discussion of this alternative is included in the “Ten Year Cash Flow” section below. Detailed debt service calculations are shown in Appendix F. The anticipated schedule of debt outstanding is shown on Appendix G.

*Ten Year Cash Flow*

Appendix H includes a ten year cash flow projection based on the most likely conditions. It includes all of the revenue and expense assumptions described above and it assumes a 15 year amortization on new debt of the Rochester Port and Ferry Authority. The ten year cash flow analysis shows positive cash flow, after debt service, in all years, except year-one. For year-one, negative cash flow of \$927,600 is estimated. This results from conservative estimation in phasing-in certain revenues, most notably truck income and advertising. Also, debt service payments are greatest in the early years and decline over the ten-year analysis period.

The Rochester Port and Ferry Authority has several options in responding to the negative cash flow in year one. First, if the general contingency and fuel contingency were eliminated, the first year deficit would be reduced to \$607,700. This is not seen as prudent as these contingencies may be required. A second option, structuring the Authority’s debt over a 20 year period instead of 15 years, improves cash flow considerably, and would reduce the first year deficit to \$277,600. In addition, this option would improve aggregate cash flow over the ten year period by more than \$5.4 million. This option is shown on Appendix I.

The option of financing the Authority’s debt over 20 years will be given detailed consideration. However, this business plan will continue to use the more conservative 15 year approach. To accommodate the first year deficit, a \$4 million reserve is built into the financial plan. This reserve will offset any operating deficits. As illustrated on Appendix H, the reserve is projected to grow to \$11.4 million by the end of the ten year analysis period.

*Plan for Contingencies*

As described above, a modest general contingency is included in the expense budget. Also, a contingency amount is included in the fuel expense line. Nonetheless, it is important that management establish close revenue and expense monitoring systems and be prepared to adjust operations if needed. Fortunately, revenue performance can be monitored with leading indicators. Management will establish a system of real-time measures for passenger and auto traffic that will provide an immediate indication of any need to adjust operations. Adjustments in operation can be made relatively quickly if needed to respond to changed demand for service.

With regard to expenditures, management will establish a system to monitor and control costs. This system will include controls on personnel hiring and contract management. Because of its importance to overall budget performance, special management attention will give to the procurement of fuel.

Plan of Operation

*Plan for Contingencies - continued*

As described above, the initial capital for the Rochester Port and Ferry Authority includes a \$4.0 million reserve. It is anticipated that the year-end balance in this reserve will range from \$3.1 million after year one to \$11.4 million at the end of year ten. The average year-end balance is projected to be \$6.7 million. This reserve could be utilized to respond to major uncontrollable contingencies.

*Comparison with CATS Operation*

As noted above, this plan benchmarks against the CATS operation. However, there are a number of ways in which the planned operation will differ from the experience of the CATS operation. Several of these differences result directly from the efforts of CATS owners and management to resolve problems while others result from the nature of the new financing plan. The major areas of variation are described below.

Revenue - Passengers

This plan anticipates annual income from general passengers to be \$11,690,700, based on an average fare yield of \$30.31. This is an increase of approximately \$4 from the yield actually realized by CATS. To achieve this, some rate adjustment will be needed. However, it is not likely that rates will increase by the full \$4 since CATS discounted passage for several weeks in August, reducing their yield. Also, it is anticipated that the vessel will be re-registered under the U.S. flag. This will eliminate the need for pilotage expense, and the associated ticket surcharge can be eliminated.

A new ticket pricing strategy will be developed to generate the \$30.31 yield. This new strategy will also address other pricing issues such as: non-peak period discounts (or peak period premiums); business class premiums; family package pricing; and large vehicle premiums.

Revenue -Trucks and Buses

This business plan forecasts \$1,424,000 for income from trucks and buses. To achieve this, 5,483 trucks or buses must be carried in year one. This will require the passage of six trucks or buses per crossing. The average truck/bus fare is estimated to be \$260 per crossing as compared to the CATS fare of \$275. CATS management reported good progress in resolving the issue of customs inspection and in gaining potential truck customers. Among the parties expressing interest in regular truck passage are the following: Labatt's; Wegmans; Kodak; and American Rock Salt.

Based on actual experience and recent outreach efforts, it is believed that there may be a significant opportunity to carry tour buses. Marketing to this segment will be aggressive.

Plan of Operation

*Comparison with CATS Operation - continued*

Revenue - Advertising

This plan projects advertising revenues of \$800,000 in the first year. This includes advertising income from all sources, such as on the boat and on printed materials.

Expense - Debt Service

The first year debt service for the CATS operation amounts to \$5,791,956. This includes principal and interest payments on all private sector and New York State loans. (payment on the City of Rochester Loan is not due until are due until 2015). This plan anticipates refinancing the private sector debt through issuance of tax exempt bonds to be repaid over 15 years. This would reduce total first year debt service to \$4,648,000. This amount could be further reduced through the 20 year financing option, to \$3,998,000. Also, because public financing would follow more aggressive guidelines for repayment of principal, debt service would decline annually. Accordingly, over the first five years of operation, this plan would reduce debt service by a total of \$6.9 million using 15 year financing (\$9.8 million using the 20 year option) from the level required by the CATS operation.

Transition and Timetable

*Transition Plan*

As further discussed below, this plan calls for the initiation of service in late April, 2005. Since the Rochester Port and Ferry Authority will not be created until February of 2005, the City of Rochester intends to facilitate the activities necessary to initiate the Authority, and to conduct the planning activities needed to implement this plan. These activities include: preparing and advocating for the enabling legislation; conducting negotiations to transfer assets and resolve liens; developing the detailed management systems needed to implement this business plan; and developing a detailed marketing and promotion plan.

The City is currently in negotiation with CATS regarding asset transfer and related issues.

*Timetable*

Launching the Rochester Port and Ferry Authority will require a number of critical steps, including: legislative approvals; appointment of a Board of Directors; issuance of bonds; acquisition of assets; development of a detailed marketing plan; and the engagement of a ferry operator or hiring of staff.

To achieve a late-April first sailing, an ambitious schedule is required. This schedule includes the following key milestones:

Transition and Timetable

*Timetable - continued*

<u>Item</u>	<u>Date</u>
City Council Approval	December , 2004
Decision on Operator or Staffing	Mid January, 2005
Development of Detailed Marketing Plan	Mid January, 2005
NY State Legislative Approval	Early February, 2005
Appointment of Authority Board	Early February, 2005
Acquisition of Assets	Mid-February, 2005
Announcement of Service Start	Late March, 2005
First Sailing	Late April, 2005

Notes

1. Harris Interactive "Understanding Consumer Interest in a Rochester-Toronto Fast Ferry," 2001 (prepared for Canadian-American Transportation Systems)
2. TranSystems "Rochester-Toronto Fast Ferry Service, Independent (Tier II) Market Analysis," 2001 (Prepared for City of Rochester, City of Toronto, County of Monroe, Toronto Port Authority)
3. The auto occupancy rate of 46% assumes allocation of 40% of the available space to trucks and buses. The anticipated auto traffic occupies 28% of the gross space available for vehilces

## **Description of the Vessel and Other Assets**

### *Vessel*

The 'Spirit of Ontario' is a high speed catamaran passenger / car ferry of aluminum construction. The vessel was constructed in Australia by Austal Ships.

#### General Description - Vessel:

Length	87 meters
Beam Width	24 meters
Height	17 meters
Hull Draft	3.2 meters
Roll-on / Roll-off configuration	
Passenger Capacity	774 persons
Vehicle Capacity:	230 cars or approximately 150 cars plus 10 trucks or buses*
Normal Crew	26 persons
Speed	42-47 knots
Rochester-Toronto	
Travel Time	2hrs. 15minutes

#### General Description - Vessel Equipment

4 MTU manufactured engines, 8000 hp/each  
Lips manufactured water jets  
Seastate Motion Control System  
Vessel Security Cameras / TV Monitors  
Data Recorders  
Anti-Collision Radar  
Night Vision Equipment  
X-Ray Scanners

### *Vessel Facilities*

Disabled persons lift.  
Food Service - 2 Main Deck, 1 Upper Deck  
Duty Free Store  
Childrens Play Area, Separate Arcade Game Room  
Televisions Throughout  
Two theaters/conference facilities

\* This is approximate because weight variations of trucks could change the number of vehicles carried

**Terminal Facilities**

Rochester

Owner: City of Rochester

Location: 1000 North River Street (Genesee River Harbor, at Lake Ontario)

Facility: Completed in 2004 as an adaptive reuse of a 1930 warehouse, this 71,000 square foot building includes: a ticketing area; a public concourse and waiting area; and airport-type passenger embarking/disembarking ramp; luggage carousel; U. S. Customs area; and restaurants and other services. The building is a two-story steel and masonry structure.

Site: The eleven acre site includes: a vehicle queuing area (145 vehicles); a vehicle disembarking area (130 vehicles); primary and secondary customs inspection areas; and two parking lots (425 cars total). The site is serviced by public transportation buses and taxis.

Toronto

Owner: Toronto Port Authority

Location: Cherry Street (Pier 51/52 at Lake Ontario)

Facility: This new building is under construction with completion expected in the first quarter of 2005. The facility includes: ticketing area; departure and arrival halls; Canadian Customs offices; and retail and restaurant space. The facility will be generally a one-story steel structure, but will have a second story link area to provide direct access to the ferry.

Site: The site includes vehicle queuing and disembarking areas and parking. It is served by public transportation buses and taxis.



## Market and Economic Studies

Preliminary Financial and Economic Analysis - Lake Ontario Fast Ferry Feasibility Study, prepared for the City of Rochester and City of Toronto, prepared by Transportation Economic & Management, July 1997.

Fast Ferry Service Toronto - Rochester, Technical Memorandum, prepared for Waterway Resources, Inc., prepared by Transportation Economics & Management, April 2000.

Rochester - Toronto Fast Ferry, Tier I Market Analysis, prepared for City of Rochester, City of Toronto, Monroe County and the Toronto Port Authority, prepared by TranSystems Corporation and Leeper, Cambridge and Campbell, October 2000.

Rochester - Toronto Fast Ferry Service, Independent (Tier II) Market Analysis, prepared for City of Rochester, City of Toronto, Monroe County and the Toronto Port Authority, prepared by TranSystems Corporation and Leeper, Cambridge and Campbell, January 2001.

Understanding Consumer Interest in a Rochester - Toronto Fast Ferry, prepared for Canadian American Transportation Systems, LLC., prepared by Harris Interactive, 2001.

The Economic Impact on Rochester and New York State of the Proposed New York - Toronto High Speed Ferry Service, prepared for Canadian American Transportation Systems, LLC, Prepared by Tom McCormack, Director of The Center for Spatial Economics, August 2002.

The Economic Impact on Toronto and Ontario of the Proposed New York - Toronto High Speed Ferry Service, prepared for Canadian American Transportation Systems, LLC, Prepared by Tom McCormack, Director of The Center for Spatial Economics, August 2002.

# Rochester Port and Ferry Authority: A Plan of Business.....Appendix D

## Operating Revenue and Expense - Year One Detail

<u>Item</u>	<u>Estimate</u>	<u>Comment</u>
<i>Operating Revenue:</i>		
Passengers	\$11,690,700	$385,705 \times \$30.31 = \$11,690,719$
Cars	2,427,100	$59,200 \times \$41.00 = \$2,427,200$
Trucks	1,424,000	$5,483 \times 260 = \$1,425,580$
Other:		
Fuel Tax	1,714,600	Rebate; may be re-classed as expense reduction
Advertising	800,000	
Duty Free	431,000	$385,703 \times \$1.12 = \$431,990$
Food/Bev.	536,100	$385,705 \times \$1.39 = \$536,130$
Bus. Class	383,700	
Misc.	154,000	
Total	<u>\$19,561,200</u>	
<i>Operating Expense:</i>		
Salaries/Benefits:		
Management	1,129,900	17 Full time equivalents - See Appendix E
Ship	2,201,100	46.5 Full time equivalents - See Appendix E
Shore Crew	938,200	31 Full time equivalents - See Appendix E
Maint. Crew	150,600	6 Full time equivalents - See Appendix E
Fuel	6,287,100	$[\$3,558 \times 928 \times \$1.87385] + \$100,000 = \$6,287,123$
Insurance	1,236,000	Vessel (\$1,116,000) + General (\$120,000)
Port/Customs	817,000	Canadian Customs (\$400,00), Toronto Port (\$200,000)
Maint:		
Contract	554,800	MTU engine maintenance
Dry dock	250,000	
Parts/Other	384,200	
Office Expense	364,400	
Security	298,100	Contractual expense
Credit Card		
Charges	309,100	
Advertising &		
Promotion	220,000	
Other	480,400	
Sub Total	\$15,620,900	
General		
Contingency	219,900	
Total	<u>\$15,840,800</u>	

### Illustrative Staffing Plan

<u>Position</u>	<u>Number</u>	<u>Salary</u>	<u>Cost</u>
<u>Management:</u>			
President	1	125,000	125,000
Marketing Mgr	1	75,000	75,000
Operations - Canada	1	65,000	65,000
Finance	1	75,000	75,000
Revenue Analyst	1	75,000	75,000
Tech Manager	1	75,000	75,000
Sales*	2	20,000*	40,000
IT Director	1	50,000	50,000
Human Resources	1	45,000	45,000
Accounting	2	40,000	80,000
Receptionist	1	25,000	25,000
Grant Coord.	1	40,000	40,000
Other	1	15,600	15,600
Other	2	15,600	31,200
Other	1	75,000	75,000

Sub Total - Management 891,800

#### Ship Crew

Captain	1	90,000	90,000
Captain	1	90,000	90,000
Captain PT	.5	90,000	45,000
First Mate	1	70,000	70,000
First Mate PT	2	35,000	70,000
Chief Engineer	1	90,000	90,000
Chief Engineer PT	2	45,000	90,000
Asst Engineer	2	60,000	120,000
Asst Engineer PT	4	30,000	120,000
Food/Bev Manager	2	35,000	70,000
Purser	1	35,000	35,000
Purser PT	2	17,500	35,000
Sea Crew (12 FTE)			420,000
Cabin Crew (20 FTE)			416,000

Sub Total - Ship 1,761,000

\* Sales Salaries exclude commission

### Illustrative Staffing Plan

<u>Position</u>	<u>Number</u>	<u>Salary</u>	<u>Cost</u>
<u>Shore Crew:</u>			
Supervisor	2	30,000	60,000
Ticket taker (9 FTE)			224,640
Call Center (12 FTE)			299,529
Car Marshals (4 FTE)			83,200
Baggage Crew (4 FTE)			83,200
Sub Total - Shore			750,569
<u>Maintenance Crew:</u>			
Night Maintenance (3 FTE)			63,000
Night Cleaners (2.5 FTE)			45,000
Storeman (.5 FTE)			12,500
Sub Total - Maintenance			120,500
Grand Total			3,523,869
<u>Re-Cap:</u>			
Management			891,800
Ship			1,761,000
Shore			750,569
Maintenance			120,500
Sub Total			3,523,869
Benefits @ 25%			890,931
TOTAL			4,414,800

Note: FTE = full time equivalent

### Debt Service Payment Schedules

#### New York State

<u>Year</u>	<u>Balance</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payment*</u>
2004	6,600,000	0	0	0
2005	6,500,000	100,000	198,000	298,000
2006	6,400,000	100,000	195,000	295,000
2007	6,300,000	100,000	192,000	292,000
2008	6,200,000	100,000	189,000	289,000
2009	6,100,000	100,000	186,000	286,000
2010	6,000,000	100,000	183,000	283,000
2011	5,900,000	100,000	180,000	280,000
2012	5,800,000	100,000	177,000	277,000
2013	5,447,031	352,969	174,000	526,969
2014	4,910,859	536,172	163,411	699,583
2015	4,358,602	552,257	147,326	699,583
2016	3,789,777	568,825	130,758	699,583
2017	3,203,887	585,890	113,693	699,583
2018	2,600,420	603,467	96,116	699,583
2019	1,978,849	621,571	78,012	699,583
2020	1,338,631	640,218	59,365	699,583
2021	679,207	659,424	40,159	699,583
2022	0	679,207	20,376	699,583

\* Payments due on September 25 of each year beginning in 2005

#### City of Rochester

2014	1,300,000	1,300,000	223,600	1,523,600
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#### Rochester Port and Ferry Authority - 15 Year Bonds

<u>Year</u>	<u>Balance</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payment*</u>
2005	40,000,000	0	0	0
2006	37,650,000	2,350,000	2,000,000	4,350,000
2007	35,300,000	2,350,000	1,882,500	4,232,500
2008	32,950,000	2,350,000	1,765,000	4,115,000
2009	30,600,000	2,350,000	1,647,500	3,997,500
2010	28,250,000	2,350,000	1,530,000	3,880,000

[continued on page two]

**Rochester Port and Ferry Authority: A Plan of Business.....Appendix F**  
(p. 2)

Rochester Port and Ferry Authority - 15 Year Bonds - continued

<u>Year</u>	<u>Balance</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payment*</u>
2011	25,600,000	2,650,000	1,412,500	4,062,500
2012	22,950,000	2,650,000	1,280,000	3,930,000
2013	20,300,000	2,650,000	1,147,500	3,797,500
2014	17,650,000	2,650,000	1,015,000	3,665,000
2015	15,000,000	2,650,000	882,500	3,532,500
2016	12,000,000	3,000,000	750,000	3,750,000
2017	9,000,000	3,000,000	600,000	3,600,000
2018	6,000,000	3,000,000	450,000	3,450,000
2019	3,000,000	3,000,000	300,000	3,300,000
2020	0	3,000,000	150,000	3,150,000

\* First payment anticipated in February of 2006

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Alternative Rochester Port and Ferry Authority Debt with 20 Bonds

<u>Year</u>	<u>Balance</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payment*</u>
2005	40,000,000	0	0	0
2006	38,300,000	1,700,000	2,000,000	3,700,000
2007	36,600,000	1,700,000	1,915,000	3,615,000
2008	34,900,000	1,700,000	1,830,000	3,530,000
2009	33,200,000	1,700,000	1,745,000	3,445,000
2010	31,500,000	1,700,000	1,660,000	3,360,000
2011	29,600,000	1,900,000	1,575,000	3,475,000
2012	27,700,000	1,900,000	1,480,000	3,380,000
2013	25,800,000	1,900,000	1,385,000	3,285,000
2014	23,900,000	1,900,000	1,290,000	3,190,000
2015	22,000,000	1,900,000	1,195,000	3,095,000
2016	19,900,000	2,100,000	1,100,000	3,200,000
2017	17,800,000	2,100,000	995,000	3,095,000
2018	15,700,000	2,100,000	890,000	2,990,000
2019	13,600,000	2,100,000	785,000	2,885,000
2020	11,500,000	2,100,000	680,000	2,780,000
2021	9,200,000	2,300,000	575,000	2,875,000
2022	6,900,000	2,300,000	460,000	2,760,000
2023	4,600,000	2,300,000	345,000	2,645,000
2024	2,300,000	2,300,000	230,000	2,530,000
2025	0	2,300,000	115,000	2,415,000

\* First payment anticipated in February of 2006

### Schedule of Outstanding Debt

<u>Year End</u>	<u>New York State</u>	<u>City of Rochester</u>	<u>Authority (15 yr bonds)</u>	<u>Authority (20 yr bonds)</u>	<u>Total (15 year)*</u>	<u>Total (20year)*</u>
2005	6,500,000	1,300,000	40,000,000	40,000,000	47,800,000	47,800,000
2006	6,400,000	1,300,000	37,650,000	38,300,000	45,350,000	46,000,000
2007	6,300,000	1,300,000	35,300,000	36,600,000	42,900,000	44,200,000
2008	6,200,000	1,300,000	32,950,000	34,900,000	40,450,000	42,400,000
2009	6,100,000	1,300,000	30,600,000	33,200,000	38,000,000	40,600,000
2010	6,000,000	1,300,000	28,250,000	31,500,000	35,550,000	38,800,000
2011	5,900,000	1,300,000	25,600,000	29,600,000	32,800,000	36,800,000
2012	5,800,000	1,300,000	22,950,000	27,700,000	30,050,000	34,800,000
2013	5,447,031	1,300,000	20,300,000	25,800,000	27,047,031	32,547,031
2014	4,910,859	0	17,650,000	23,900,000	22,560,859	28,810,859
2015	4,358,602	0	15,000,000	22,000,000	19,358,601	26,358,602
2016	3,789,777	0	12,000,000	19,900,000	15,789,776	23,689,777
2017	3,203,887	0	9,000,000	17,800,000	12,203,886	21,003,887
2018	2,600,420	0	6,000,000	15,700,000	8,600,420	18,300,420
2019	1,978,849	0	3,000,000	13,600,000	4,978,849	15,578,849
2020	1,338,631	0	0	11,500,000	1,338,631	12,838,631
2021	679,207	0	0	9,500,000	679,207	10,179,207
2022	0	0	0	6,900,000	0	6,900,000
2023	0	0	0	4,600,000	0	4,600,000
2024	0	0	0	2,300,000	0	2,300,000
2025	0	0	0	0	0	0

\* Assumes payment of \$100,000 in New York State debt during 2005

## Lake Ontario Ferry Authority Ten Year Cash Flow Using 15 Year Bonds

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Revenue:</b>										
Passengers	11,690,700	12,041,400	12,402,642	12,774,721	13,157,963	13,552,702	13,959,283	14,378,061	14,809,403	15,253,685
Cars	2,427,100	2,500,000	2,575,000	2,652,250	2,731,818	2,813,772	2,898,185	2,985,131	3,074,685	3,166,925
Trucks	1,424,000	1,913,600	1,971,008	2,030,138	2,091,042	2,153,774	2,218,387	2,284,938	2,353,487	2,424,091
Other	4,019,400	4,267,700	4,395,731	4,527,603	4,663,431	4,803,334	4,947,434	5,095,857	5,248,733	5,406,195
Total Revenue	19,561,200	20,722,700	21,344,381	21,984,712	22,644,254	23,323,581	24,023,289	24,743,988	25,486,307	26,250,896
<b>Expense:</b>										
Employees	4,414,800	4,414,800	4,547,244	4,683,661	4,824,171	4,968,896	5,117,963	5,271,502	5,429,647	5,592,537
Fuel	6,287,100	6,287,100	6,475,713	6,669,984	6,870,084	7,076,186	7,288,472	7,507,126	7,732,340	7,964,310
Insurance	1,236,000	1,273,100	1,311,293	1,350,632	1,391,151	1,432,885	1,475,872	1,520,148	1,565,752	1,612,725
Port & Customs	817,500	817,500	842,025	867,286	893,304	920,103	947,707	976,138	1,005,422	1,035,585
Other	2,865,500	2,960,900	3,049,727	3,141,219	3,235,455	3,332,519	3,432,495	3,535,469	3,641,534	3,750,780
Contingency	219,900	219,900	226,497	233,292	240,291	247,499	254,924	262,572	270,449	278,563
Sub Total	15,840,800	15,973,300	16,452,499	16,946,074	17,454,456	17,978,090	18,517,433	19,072,956	19,645,144	20,234,499
Authority Debt	4,350,000	4,232,500	4,115,000	3,997,500	3,880,000	4,062,500	3,930,000	3,797,500	3,665,000	3,532,500
State/City	298,000	295,000	292,000	289,000	286,000	283,000	280,000	277,000	527,000	2,223,183
Sub Total	4,648,000	4,527,500	4,407,000	4,286,500	4,166,000	4,345,500	4,210,000	4,074,500	4,192,000	5,755,683
Total Expense	20,488,800	20,500,800	20,859,499	21,232,574	21,620,456	22,323,590	22,727,433	23,147,456	23,837,144	25,990,182
<b>Net Cash Flow</b>	-927,600	221,900	484,882	752,138	1,023,798	999,992	1,295,856	1,596,532	1,649,163	260,715
Reserve - Begin	4,000,000	3,072,400	3,294,300	3,779,182	4,531,320	5,555,118	6,555,110	7,850,966	9,447,498	11,096,661
Net Cash Flow	-927,600	221,900	484,882	752,138	1,023,798	999,992	1,295,856	1,596,532	1,649,163	260,715
Reserve - End	3,072,400	3,294,300	3,779,182	4,531,320	5,555,118	6,555,110	7,850,966	9,447,498	11,096,661	11,357,376



**Rochester Port and Ferry Authority Ten Year Cash Flow - Alternate Using 20 Year Bonds**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b><u>Revenue:</u></b>										
Passengers	11,690,700	12,041,400	12,402,642	12,774,721	13,157,963	13,552,702	13,959,283	14,378,061	14,809,403	15,253,685
Cars	2,427,100	2,500,000	2,575,000	2,652,250	2,731,818	2,813,772	2,898,185	2,985,131	3,074,685	3,166,925
Trucks	1,424,000	1,913,600	1,971,008	2,030,138	2,091,042	2,153,774	2,218,387	2,284,938	2,353,487	2,424,091
Other	4,019,400	4,267,700	4,395,731	4,527,603	4,663,431	4,803,334	4,947,434	5,095,857	5,248,733	5,406,195
<b>Total Revenue</b>	<b>19,561,200</b>	<b>20,722,700</b>	<b>21,344,381</b>	<b>21,984,712</b>	<b>22,644,254</b>	<b>23,323,581</b>	<b>24,023,289</b>	<b>24,743,988</b>	<b>25,486,307</b>	<b>26,250,896</b>
<b><u>Expense:</u></b>										
Employees	4,414,800	4,414,800	4,547,244	4,683,661	4,824,171	4,968,896	5,117,963	5,271,502	5,429,647	5,592,537
Fuel	6,287,100	6,287,100	6,475,713	6,669,984	6,870,084	7,076,186	7,288,472	7,507,126	7,732,340	7,964,310
Insurance	1,236,000	1,273,100	1,311,293	1,350,632	1,391,151	1,432,885	1,475,872	1,520,148	1,565,752	1,612,725
Port & Customs	817,500	817,500	842,025	867,286	893,304	920,103	947,707	976,138	1,005,422	1,035,585
Other	2,865,500	2,960,900	3,049,727	3,141,219	3,235,455	3,332,519	3,432,495	3,535,469	3,641,534	3,750,780
Contingency	219,900	219,900	226,497	233,292	240,291	247,499	254,924	262,572	270,449	278,563
<b>Sub Total</b>	<b>15,840,800</b>	<b>15,973,300</b>	<b>16,452,499</b>	<b>16,946,074</b>	<b>17,454,456</b>	<b>17,978,090</b>	<b>18,517,433</b>	<b>19,072,956</b>	<b>19,645,144</b>	<b>20,234,499</b>
Authority Debt	3,700,000	3,615,000	3,530,000	3,445,000	3,360,000	3,475,000	3,380,000	3,285,000	3,190,000	3,095,000
State/City	298,000	295,000	292,000	289,000	286,000	283,000	280,000	277,000	527,000	2,223,183
<b>Sub Total</b>	<b>3,998,000</b>	<b>3,910,000</b>	<b>3,822,000</b>	<b>3,734,000</b>	<b>3,646,000</b>	<b>3,758,000</b>	<b>3,660,000</b>	<b>3,562,000</b>	<b>3,717,000</b>	<b>5,318,183</b>
<b>Total Expense</b>	<b>19,838,800</b>	<b>19,883,300</b>	<b>20,274,499</b>	<b>20,680,074</b>	<b>21,100,456</b>	<b>21,736,090</b>	<b>22,177,433</b>	<b>22,634,956</b>	<b>23,362,144</b>	<b>25,552,682</b>
<b>Net Cash Flow</b>	<b>-277,600</b>	<b>839,400</b>	<b>1,069,882</b>	<b>1,304,638</b>	<b>1,543,798</b>	<b>1,587,492</b>	<b>1,845,856</b>	<b>2,109,032</b>	<b>2,124,163</b>	<b>698,215</b>
<b>Reserve - Begin</b>	<b>4,000,000</b>	<b>3,722,400</b>	<b>4,561,800</b>	<b>5,631,682</b>	<b>6,936,320</b>	<b>8,480,118</b>	<b>10,067,610</b>	<b>11,913,466</b>	<b>14,022,498</b>	<b>16,146,661</b>
<b>Net Cash Flow</b>	<b>-277,600</b>	<b>839,400</b>	<b>1,069,882</b>	<b>1,304,638</b>	<b>1,543,798</b>	<b>1,587,492</b>	<b>1,845,856</b>	<b>2,109,032</b>	<b>2,124,163</b>	<b>698,215</b>
<b>Reserve - End</b>	<b>3,722,400</b>	<b>4,561,800</b>	<b>5,631,682</b>	<b>6,936,320</b>	<b>8,480,118</b>	<b>10,067,610</b>	<b>11,913,466</b>	<b>14,022,498</b>	<b>16,146,661</b>	<b>16,844,876</b>

